

**STATE OF SOUTH CAROLINA**

(Caption of Case)

**Application of Progress Energy Carolinas, Inc. for  
Permission to Sell Land That is No Longer Needed to  
Provide Utility Service****BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA****COVER SHEET****DOCKET****NUMBER: 2008 - 17 - E**

(Please type or print)

**Submitted by: Len S. Anthony****SC Bar Number: 405****Address: Progress Energy Carolinas, Inc.****Telephone: 919/546-6367****P. O. Box 1551, PEB 17A4****Fax: 919/546-2694****Raleigh, NC 27602****Other:****Email: len.s.anthony@pgnmail.com**

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

**DOCKETING INFORMATION** (Check all that apply)☐ **Emergency Relief demanded in petition**      ☐ **Request for item to be placed on Commission's Agenda expeditiously**☐ **Other:**

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificati	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigatic	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



January 10, 2008

The Honorable Charles Terreni, Chief Clerk and Administrator  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

RE: Application of Progress Energy Carolinas, Inc. for Permission to Sell Land That is  
no Longer Needed To Provide Utility Service  
Docket No. 2008-\_\_\_\_-E

Dear Mr. Terreni:

Enclosed for filing is Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.'s ("PEC") application for permission to sell certain land that is not needed to provide electric utility service.

Yours very truly,

/s/

Len S. Anthony  
Deputy General Counsel - Carolinas

LSA:mhm

Enclosure

259358



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**THIS DOCUMENT IS AN EXACT DUPLICATE, WITH THE EXCEPTION OF THE FORM OF THE SIGNATURE, OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.**

Yours very truly,

A handwritten signature in black ink that reads "Len S. Anthony".

Len S. Anthony  
Deputy General Counsel - Carolinas

LSA:mhm

Enclosure

259358

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2008-\_\_\_\_-E**

**January 10, 2008**

In the Matter of	)	
	)	
Application of Progress Energy Carolinas, Inc. For Permission To Sell Land That Is No Longer Needed To Provide Utility Service	)	<b>APPLICATION TO SELL PROPERTY</b>
	)	

Pursuant to the Public Service Commission of South Carolina's (the "Commission") Rules 103-830, 103-831, and 103-834 and S.C. Code Ann. § 58-27-1300 (1976) as amended, Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. ("PEC") applies to the Commission for permission to sell certain land that is not needed to provide electric utility service. In support thereof, PEC shows the following:

1. The name and address of the applicant is:

Progress Energy Carolinas, Inc.  
Post Office Box 1551  
Raleigh, North Carolina 27602

PEC is an electric utility incorporated in the State of North Carolina and authorized to do business in South Carolina. PEC generates, transmits and delivers electricity to the citizens of North and South Carolina.



2. The attorney for PEC to whom all correspondence should be directed is:

Len S. Anthony, Deputy General Counsel  
Post Office Box 1551  
Raleigh, North Carolina 27602  
(919) 546-6367  
Len.S.Anthony@pgnmail.com

3. Through a purchase made on October 28, 1925, PEC acquired 15.44 acres in Stanly County, North Carolina. The original purchase price of the 15.44 acres was \$965.29. There are no buildings on the property. The majority of the property was purchased for the impoundment of Lake Tillery generation project. PEC has now determined that a portion of the land is not required for the generation of electricity.

4. PEC obtained an appraisal of the value of the property, a copy of which is attached hereto, that indicates the fair market value of the property is in the range of \$1,020,000.00 to \$1,240,000.00. PEC marketed the property for 30 days and received one offer. The offer was in the amount of \$1,100,000.00 from Edgewater Developers, Inc. PEC accepted the offer by Edgewater Developers. The gain on sale of the 15.44 acres is \$1,099,034.80.

5. The property is in FERC Account No. 101 Electric Plant in Service.

6. S.C. Code Ann. § 58-27-1300 provides that an electric utility must first obtain Commission approval prior to selling or otherwise transferring utility property with a fair market value greater than \$1 million. Therefore, PEC applies to the Commission for permission to sell the land in question.


7. PEC's proposed accounting treatment for this transaction is FERC Account No. 101 will be credited for the book value of the property; and FERC Account

No. 421.1, Gain on Disposition of Property, will be credited for the difference between the book value and sale price.

WHEREFORE, PEC applies to the Commission, pursuant to S.C. Code Ann. § 58-27-1300 (1976) as amended, for an order approving the sale of the subject properties.

Respectfully submitted this 10<sup>th</sup> day of January, 2008.

PROGRESS ENERGY CAROLINAS, INC.

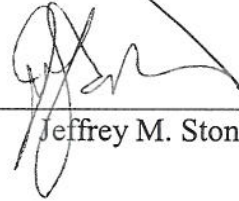
  
Len S. Anthony  
Deputy General Counsel-Regulatory Affairs  
P. O. Box 1551  
Raleigh, North Carolina 27602  
(919) 546-6367

VERIFICATION

STATE OF NORTH CAROLINA

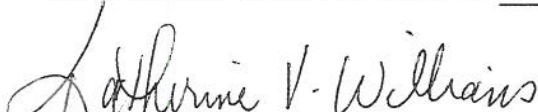
COUNTY OF WAKE

The undersigned, Jeffrey M. Stone, being first duly sworn, deposes and says that he is Vice President - Accounting for Progress Energy Service Company; that he has read the foregoing and knows the contents thereof; that the same are true of his own knowledge and believes them to be true.



Jeffrey M. Stone

Sworn to and subscribed to me this 10<sup>th</sup> day of January, 2008.

  
Notary Public

My Commission Expires: Aug 2, 2011

(SEAL)





APPRAISAL OF REAL ESTATE  
PROPERTY OF PROGRESS ENERGY  
15.44 ACRES  
LAKE TILLERY  
STANLY COUNTY, NORTH CAROLINA

FOR

HOWARD NIPPER  
SENIOR LAND ACQUISITION/DISPOSITION SPECIALIST  
PROGRESS ENERGY SERVICE COMPANY, LLC  
410 SOUTH WILMINGTON STREET  
RALEIGH, NORTH CAROLINA 27601

BY

SUSANNE Z. SCHNEIDER, MAI  
HAY : SCHNEIDER : COPELAND  
SUITE B-120 DUKE FOREST PLACE  
3326 CHAPEL HILL BOULEVARD  
DURHAM, NORTH CAROLINA 27707

DATE OF VALUATION  
MAY 24, 2007



# HAY :: SCHNEIDER :: COPELAND

REAL ESTATE APPRAISERS & CONSULTANTS

NORTH CAROLINA STATE-CERTIFIED  
GENERAL REAL ESTATE APPRAISERS

Thomas T. Hay, MAI 1917-1998  
Susan Hay Copeland, MAI  
Susanne Z. Schneider, MAI

May 24, 2007

Howard Nipper  
Senior Land Acquisition/Disposition Specialist  
Progress Energy Service Company, LLC  
410 South Wilmington Street  
Raleigh, North Carolina 27601

Subject: Appraisal of Real Estate  
Property of Progress Energy  
15.44 Acres  
Lake Tillery  
Stanly County, North Carolina

Dear Mr. Nipper:

In response to your request, I have appraised the above-captioned property for the purpose of estimating the current market value of the fee simple interests as of May 24, 2007. This summary report is prepared in accordance with Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice*, USPAP.

At your request and considering your knowledge of the subject property, Lake Tillery, Stanly County, and the area in general, the descriptive sections are quite limited. Additionally and at your request, photographs are not included in this report and the property was not inspected,.

Again, the purpose of this report is to estimate the market value of the property. To that end, almost all efforts were focused on a diligent search for sales on Lake Tillery and any nearby lakes.

The subject property is located on the west side of Lake Tillery between Snuggs Ridge Lane and Randalls Ferry Road in the eastern part of Stanly County, North Carolina. Based on the survey provided, the subject is estimated to contain a total of 15.44 acres. A copy of the survey is in the Addenda. Additionally, a 30' wide access easement is shown on the survey. The property is undeveloped.

Tax Map Reference & PIN:

TAX RECORD	PIN
34345	6575-03-12-3798

The entire site slopes down to Lake Tillery—the highest elevation is approximately 312'. The GIS topography map is in the Addenda. According to the survey, the subject property is not within a flood hazard area. The property is shown on the National Flood Insurance Program, Flood Insurance Rate Map, Community-Panel Number 37167CO175D, dated September 21, 2000.

The soils are predominantly TcD2, Tatum series, and to a lesser extent, BaF, Badin, and GfB2, Georgeville series. According to the Environmental Health inspector for this area, the soils around the lake and these soils in particular are generally conducive for septic percolation sites. These soils are also similar to other nearby land that has been developed with small lots—it is assumed that the subject land will perc for a reasonable number of lots. Electric power and telephone services are assumed to be available to the property.

A Phase I Environmental Site Assessment was not available. This appraisal assumes that the subject property is free of any and all environmental hazards that would adversely affect its value.

Other than the extraordinary assumption that the subject will perc for a reasonable number of lots, there are no hypothetical conditions or extraordinary assumptions considered in this analysis.

The area around the subject property was personally inspected by the appraiser on May 24, 2007. The appraiser did not inspect the property itself. The effective date of the appraisal is May 24, 2007.

According to the deeds provided, the subject property was purchased by Carolina Power Company, now Progress Energy, from T. P. Snuggs and wife, Mary A. Snuggs and in a separate conveyance from Thomas H. Parker. The deeds were recorded on November 12 & 9, 1925, respectively; the deeds and plats provided are in the Addenda. These tracts are significantly larger than the subject tract—portions have been sold and portions are likely inundated by Lake Tillery.

The property rights appraised are the fee simple interests, defined as absolute ownership, subject only to governmental exercise of eminent domain, escheat, police power, and taxation. Other than the access easement, property rights to the owner are further restricted only by typical easements for electrical, telephone service, etc. There are no other known easements, leases, or limitations on the property ownership.

The following is the most current, agreed upon definition of market value used by agencies that regulate federal financial institutions in the United States.

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup>

This appraisal is specifically intended for use by Howard Nipper and Progress Energy. The intended use of the appraisal is to serve as a basis of value for possible marketing by Progress Energy. This appraisal is not intended for any other use. The appraiser is not responsible for unauthorized use of this report.

This report is a Summary Appraisal Report in accordance with Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice*. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

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<sup>1</sup>Federal Register, Volume 55, Number 163, August 22, 1990, pages 34228 and 34229



In preparing this appraisal, the appraiser conducted a number of independent investigations and analyses, which are summarized in this section.

- The subject area was inspected; deeds were obtained from the client, and tax information was obtained from the Stanly County Courthouse.
- The Lake Tillery area, as well as the specific neighborhood, was researched for demographic data, growth trends, economic influences, employment information, all focused toward value influence on the subject.
- Recent sales, leases, contracts and listings of vacant properties within the subject's neighborhood and comparable areas has been researched, analyzed, and related to the subject for value indications.
- Details of the verified information are included in the Addenda or in my files. Experts in their fields, such as commercial brokers and County Planners, have been consulted with regard to both comparable properties and specific information on the subject.
- The data was analyzed via the Sales Comparison Approach. Based on the strengths and weaknesses of both the data and the subject property, a final value opinion was estimated.

Lake Tillery serves as the reservoir for the Tillery Hydroelectric Plant that provides the not only electricity but is one of the Piedmont's recreational lakes. Numerous lake front housing communities provide residents with year-round and seasonal homes. The northern end of the lake is bounded by Morrow Mountain State Park and the Uwharrie National Forest. Here the Uwharrie River flows into the Yadkin and the name changes to the Pee Dee River.

The Tillery and Blewett Hydroelectric Plant, further south, together comprise the Yadkin–Pee Dee River Project. These plants are operated as an integrated unit under FERC Project License No. 2206.

Lake Tillery is located in the Southern Piedmont area of North Carolina between Montgomery and Stanly Counties, 4 miles west of Mt. Gilead, approximately 17 miles south of Badin Lake, and only 45 minutes east of Charlotte.

Progress Energy, formerly known as Carolina Power & Light Company, began construction of the Tillery Hydroelectric development in 1926. The project was completed and the plant was placed in service in the spring of 1928.

Lake Tillery extends approximately 15 miles upstream from the dam and has over 100 miles of shoreline. At normal operating levels, the lake is about 72' deep at the dam. The reservoir surface area is 5,260 acres at that level, elevation 278.17'. The Lake Tillery shoreline is extensively developed with housing and widely used for boating, fishing, and swimming.

Almost the only uses adjacent to the lake are single family residential—one exception is the Piney Point Golf Club on the southwest corner of the lake near the dam. Much of the lake remains undeveloped as Progress Energy owns almost all the undeveloped land.

Brokers indicate that the Stanly County side of the lake used to be the preferred side as it was closer to Charlotte but that now both sides of the lake are considered equal; some even say that the Montgomery County side is preferred. Regardless, all agree that market demand is strong.

The subject, as is almost all of the western side of the lake, is zoned **R-20, Single Family Residential District** based on the Stanly County Zoning Ordinance. The zoning is intended for single family residential; other permitted uses include churches, schools, group homes, and 2-family dwellings under specific conditions. A copy of this zoning section is in the Addenda.

The subject is accessible via the 30' access easement to Snuggs Ridge Lane; however, Snuggs Ridge Lane is a private 35' right-of-way. According to the Planning Director, the four lots at the end of Snuggs Ridge Lane already exceed the current number of lots permitted on a private road. Only one home would be allowed on the subject with its current access. For subdivision development, a 50' or 60' right-of-way to a public road will be required based on DOT standards. Randalls Ferry and Randalls Church Roads are the closest public right-of-ways.

The assessed value and 2006 taxes are estimated below; the tax rate for 2007 will be decided in June 2007. Obviously, this is an unreasonable value—this equates to over \$300,000/acre.

ASSESSED VALUE	
TAX RECORD	34345
LAND	\$4,882,680
IMPROVEMENTS	\$0
TOTAL	\$4,882,680
2006 TAXES	\$33,934.63

Highest and best use is defined as "The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value."<sup>2</sup>The four criteria that highest and best use must meet are physical possibility, legal permissibility, financial feasibility, and maximum profitability.

The subject neighborhood is very clearly an evolving residential area. The preponderance of development in and around Lake Tillery is single family residential. For this reason, a detailed and highest and best use analysis is not necessary—the market has made that analysis. Other limited land uses are permitted such as schools, churches, etc., but the typical land use in the area is for residential development. And, even under a use such as a school, the price paid for the land is based on the value to a typical buyer, in this case, for residential development.

Considering the subject's location and the apparent demand for residential property in the area, it is my opinion that it is unrealistic to discuss the highest and best use of the site as other than residential.

In the Valuation Process of the appraisal typically three approaches are used: the Income Capitalization Approach, the Sales Comparison Approach, and the Cost Approach. These approaches, however, are not always applicable; such is the case with the subject. The subject consists of a 15.44 acre vacant tract whose highest and best use is for residential development.

Six techniques are available for the valuation of vacant land, all of which are derived from the three basic approaches to value: Sales Comparison, Allocation, Extraction, Subdivision Development, Land Residual, and Ground Rent Capitalization. When sufficient comparable sales are available in the market, the Sales Comparison Approach is considered by far the best method for land valuation.

In the Sales Comparison Approach, the value of the subject property is estimated by analyzing similar properties that have sold and comparing them to the subject. The highest and best use analysis provides the basis for choosing the comparable sales. Adjustments, if applicable, are made to the comparable sales to compensate for market perceived differences.

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<sup>2</sup>The Appraisal of Real Estate, 12<sup>th</sup> Edition, Page 305



The principles of supply and demand and substitution are key in this approach. The market, as a result of negotiations between buyers and sellers determines price. Property constitutes supply; buyers, the demand. Not only is price the end result of supply and demand, but also changes in prices are a result of fluctuation in supply and demand. In this method, the principle of substitution sets the property value at the price of a substitute property of equal desirability and utility.

The Sales Comparison Approach is best utilized when a reasonable number of comparable sales are available in the market. While perfect comparables did not exist, not for lack of the appraiser trying, enough sales had occurred to provide a framework for analysis. Therefore, the Sales Comparison Approach is considered the best reflection of the market.

The subject is compared with the most similar properties, which have sold in the last several years. These sales provide a reasonable framework and actually the only framework with which to indicate market attitudes about the price being paid for land on Lake Tillery. The sales are analyzed on the basis of price/acre, the typical unit of comparison for residential land of this size, as well as price/waterfront foot shown as WF. The most recent sales are shown in the following chart—they are documented in my files.

SUMMARY OF LAND SALES											
SALE	DATE	LOCATION	PRICE	SIZE	PRICE/	WF	PRICE/	WF/	MAIN	ACCESS	COMMENTS
				AC	AC	FEET	WF	ACRE	CHANNEL		
1	LISTING	STANLY	\$550,000	4.24	\$129,778	464	\$1,185	110	YES	ROAD	NEEDS DRIP IRRIGATION SYSTEM
2	LISTING	STANLY	\$305,000	5.80	\$52,586	130	\$2,346	22	NO	PRIVATE	PERCS FOR 3 BR
3	12/06	MONTGOMERY	\$500,000	7.17	\$69,735	601	\$832	84	YES	60'	DOES NOT PERC
4	9/06	MONTGOMERY	\$1,500,000	25.11	\$59,737	1,900	\$789	76	YES	NO	PURCHASED 60' ACCESS
5	5/06	STANLY	\$590,000	15.07	\$39,158	1,200	\$492	80	NO	ROAD	SHALLOW WATER-PERC ??
6	9/05	STANLY	\$7,698,500	167.19	\$46,046	21,393	\$360	128	YES	NO	PURCHASED 60' ACCESS
			AVERAGE, ALL		\$66,174	4,281	\$1,001	83			
			AVERAGE, SALES		\$53,669	6,273	\$618	92			
			RANGE, SALES								
			MIN		\$39,158	601	\$360	76			
			MAX		\$69,735	21,393	\$832	128			
			MEDIAN		\$52,892	1,550	\$641	82			

**Sale 1** is the listing of a 4.238-acre lot on the west, and north, side of the James Garrison Bridge, Hwy 24/27, for \$550,000. The site will only support one homesite—there is some commercial potential if the site had sewer and a rezoning—those are big "ifs." The property has been listed for quite some time. The 1<sup>st</sup> real estate company did not know how to handle the fact that it did not perc—the current agent helped the owner get a permit for a 4 BR house with a drip irrigation/pre-treatment septic system at a cost of about \$10,000. It has a main channel view and about 460' of waterfront. When asked about the pricing, the agent said it was priced based on the owner's wishes.

**Sale 2** is the listing of a 5.8-acre lot on the west side of Lake Tillery off of Oakwood Drive for \$305,000. The site has access off a private easement through the owner's property and therefore will only support one homesite. The shape of the site is long and narrow with only about 130' of waterfront. It does perc for a 3 BR house. It has been on the market for 93 days.

Granted both of the above listings are really for single family homesites. They are included to point out how few land parcels are available on Lake Tillery—these are the only ones found other than 1-acre lots. The point is that land on Lake Tillery is very difficult to find.

**Sale 3** is the sale of 7.17 acres on the east side of Lake Tillery and north of the James Garrison Bridge, Hwy 24/27, and just north of Lemons Road for \$500,000, or about \$70,000/acre. The site does not perc; the



adjacent owner of ~300 acres purchased it with the idea to use some of his land for perc sites. The property is accessed via a 60' right-of-way off of Lemons Road. The broker indicated that the land was fairly level with good main channel views. The property was on the market for 71 days.

**Sale 4** is the sale of 25.11 acres on the east side of Lake Tillery and north of the James Garrison Bridge, Hwy 24/27, and west of *Holiday Shores* for \$1,500,000, ~\$60,000/acre. The sale was contingent on the land percing well which it did. It has approximately 1,900' of waterfront with main channel views plus a view of Morrow Mountain. Access was through the adjacent *Holiday Shores* but the purchaser bought a 60' right-of-way through adjacent property to get to the main road rather than go through an existing, older subdivision.

**Sale 5** is the sale of 15.067 acres on the west side of Lake Tillery at the intersection of Indian Mound and Snuggs Roads for \$590,000, or ~\$39,000/acre. The site would likely only support two lots, maybe three, due to both percing and road location on the site for the lots. It has good frontage on Indian Mound Road.

The location on a cove is less desirable than main channel view which would have deep water—this property has shallow water, also a detriment to value. The waterfront totals about 1,200' to 1,300' but the useable frontage is much less, probably 500' to 600'. The site is located just west of the subject parcel but the subject compares at a much higher rate.

**Sale 6** is the sale of 167.19 acres on the west side of Lake Tillery east of Shore Farm Road and generally north of Snuggs Ridge Lane for \$7,698,500, or ~\$46,000/acre. Reportedly, the town of Norwood has agreed to bring water and sewer to the site. The site had no legal access—it was purchased at a steep cost according to local sources. The location has an enormous main channel view with deep water—the waterfront totals over 21,000'. The site is located just north of the subject parcel.

Reportedly, the subject was part of this tract but the access issues could not be resolved at the time. Obviously, this tract is much larger than the subject parcel but with so few sales to work with, this sale must be considered. Due to its large size but with the same amenities and physical characteristics as the subject, it sets the lower end of the range for the subject parcel.

### Discussion

In discussing the Lake Tillery area with numerous appraisers and brokers familiar with the area, several characteristics are important to land and its value in this area. These include beauty of the land, size, access, topography, main channel view, deep water, and soils.

The first consideration is that of general location, that is, **Montgomery County vs. Stanly County**. Everyone that I talked with agreed that Stanly County used to be the favorite—the higher priced area. But everyone now agrees that it is equal; that there is no difference from one side of Lake Tillery to the other.

As it should be clear from the sale descriptions, a **main channel view** is far superior to a cove location as is **deep water** much superior to shallow water.

A flat lot is more desirable than a steep lot, but with the level topography usually comes shallow water and/or a cove location. So this is seldom a reality. The subject's land, based on the **topography** maps indicates that it is gently rolling typical for the area.

The **size** of the site at about 15 acres is also considered. As the appraiser discovered, it is rare that land on Lake Tillery comes on the market since so much is owned by Progress Energy. The subject's size, being fairly small, will tend to increase the universe of buyers especially compared to larger tracts such as Sale 6 at over 160 acres.



The **soils** and their percability are always of paramount importance. Obviously, land needs to perc or to be near land that does perc or close to sewer which is becoming more prevalent on the Lake as larger developments are having sewer extended to them. According to the Soil Sanitarian, the soils near the Lake typically perc so this is not usually a problem. Water is not typically a problem so County water is not a big plus in the market.

**Access** to the subject for typical subdivision development does not currently exist. In most areas, this would be a considerable detriment to value. As shown in the sales, it is not unusual in Lake Tillery, again, due to the prime lakefront property being owned by Progress Energy which only bought the land it needed for the lake plus some buffering—it is typical for it not to have access.

Both Sale 6 and Sale 4 purchased access through adjoining property. In discussions with brokers about other subdivisions in the area, many of them purchased or swapped land for access. While not perfect, clearly in this market, it is more typical than most for developers to buy access. The subject has adjacent property through which access could be achieved.

The **physical beauty** of the land is definitely a positive. Several brokers, without my asking, have commented about the beauty of the subject parcel—that it "lays well."

The physical attributes are summarized as follows.

CATEGORY	SUBJECT	MARKET REACTION
LOCATION	STANLY COUNTY	NEUTRAL
BEAUTY	PRETTY LAND	POSITIVE
MAIN CHANNEL VIEW	~3,380' OF WATERFRONT	POSITIVE
TOPOGRAPHY	ROLLING	NEUTRAL
WATER DEPTH	DEEP WATER	POSITIVE
SIZE	~15 ACRES	POSITIVE
ACCESS	NONE	NEUTRAL
SOILS	SHOULD PERC WELL	POSITIVE

### Analysis

The range of all of the most recent comparable sales is ~\$39,000/acre—\$70,000/acre with an average and median of about \$53,000/acre.

On the basis of a qualitative analysis, in general all the sales are inferior to the subject parcel. **Sale 3** at 7.71 acres and about \$70,000/acre does not perc but it has access. The subject likely percs and although it has no access, that can be cured. Overall, the subject compares at a higher rate.

**Sale 4** at 25.11 acres and about \$60,000/acre does not have access but purchased a 60' right-of-way. The real difference is the depth of the land compared to the waterfront. With 25 acres, this site has over 1,900' of waterfront. But the subject, with 10 less acres, has 75% more waterfront at almost 3,400'. The subject can have all waterfront homes which is the whole reason for being on Lake Tillery and the lots on the waterfront will sell for substantially more than those not on the water. Overall, the subject compares at a higher rate.

**Sale 5** at 15.07 acres and about \$40,000/acre is located very close to the subject but miles away in terms of value. This parcel is on the cove, has shallow water, no main channel view. Overall, the subject compares at a substantially higher rate.

**Sale 6** at 167.19 acres and about \$46,000/acre is located very close to the subject and has all the same physical characteristics as the subject with the exception of its size—it is about 10 times larger than the subject. Overall, the subject compares at a higher rate.

Qualitatively, this analysis is summarized as follows.

SALE	PRICE/AC	SUBJECT
SALE 3	\$70,000/ACRE	SUPERIOR
SALE 4	\$60,000/ACRE	SUPERIOR
SALE 5	\$40,000/ACRE	SUPERIOR
SALE 6	\$46,000/ACRE	SUPERIOR

A more in-depth analysis of the most comparable sales is used to discern adjustments for specific differences in the sales.

### Basis for Adjustments

After analysis of these sales, in my opinion, the major differences which do require adjustment are in these areas: location, soils/perc, depth of land to waterfront, and size. A small market condition adjustment, basically a time adjustment, is also considered warranted over the past several years.

The differences between the comparables and the subject are quantified in the following Comparable Sales Adjustment chart. The market is **NOT** perfect and does not always follow a discernible pattern. The amount of these adjustments is not easily quantified in the market, but the adjustments used in this chart, in my opinion, are a reasonable reflection of the market.

The analysis is summarized in the chart below.

COMPARABLE SALES ADJUSTMENT CHART				
	SALE 3	SALE 4	SALE 5	SALE 6
DATE	12/06	9/06	5/06	9/05
PRICE	\$500,000	\$1,500,000	\$590,000	\$7,698,500
SIZE--ACRES	7.17	25.11	15.07	167.19
PRICE/ACRE	\$69,735	\$59,737	\$39,158	\$46,046
MARKET CONDITIONS	12/06	9/06	5/06	9/05
ADJUSTMENT	1.00	1.00	1.03	1.06
ADJUSTED PRICE	\$69,735	\$59,737	\$40,333	\$48,809
ADJUSTMENTS FOR PHYSICAL CHARACTERISTICS				
SIZE	1.00	1.00	1.00	1.35
LOCATION	1.00	1.00	1.35	1.00
PERC	1.15	1.00	1.00	1.00
WF/LAND DEPTH	1.00	1.10	1.00	1.00
TOTAL ADJUSTMENT	1.15	1.10	1.35	1.35
ADJUSTED PRICE	\$80,195	\$65,711	\$54,450	\$65,892
INDICATED PRICE/AC RANGE		\$54,450/AC	—	\$80,195/AC
INDICATED VALUE RANGE		\$840,705	—	\$1,238,215
INNER PRICE/AC RANGE		\$65,711/AC	—	\$80,195/AC
INDICATED VALUE RANGE		\$1,014,576	—	\$1,238,215
ROUNDED TO		\$1,010,000	—	\$1,240,000

### Conclusion

After adjustments, the range of the sales is approximately \$55,000/acre—\$80,000/acre still a somewhat wide range. Sale 5, even after adjustments, appears out of line with the other sales. In the final analysis, the inner range of ~\$66,000/acre—\$80,000/acre is given the most weight.

It should be exceedingly clear that the value of the subject is not an exact science. The best sales have been documented but the absence of a larger number of sales makes it difficult to provide insight into how the market would value this property. For this reason, the exact value of the subject land is difficult to pinpoint; a range is considered more appropriate.



The subject land will likely be perceived in the market very positively. First of all, few tracts come on the market—particularly few with the subject's attributes. The scarcity of available land alone typically increases the price as well as the demand. The smaller size will also increase the universe of potential buyers—more developers can handle a smaller tract. Reportedly, the land is quite beautiful, "lays well", and has expansive main channel views along with deep water.

While a soils analysis was not available, according to the Soil Sanitarian, the land likely percs well, certainly as well as the surrounding area which has been subdivided into lots along the Lake. Additionally, sewer is reportedly being brought to the development to the north.

The land not only has significant main channel views but has significant waterfront, over 3,300'. Not only does it have significant waterfront, but also it has a high WF/acre ratio. That is, the ratio of waterfront to the acres on the tract is substantial. In the subject's case, each acre has an average of over 200' of waterfront. This is almost twice as much as any of the sales. This is just another way of pointing out that the entire subject property is on the waterfront—likely that all or almost all of the lots will be on the water, the majority with main channel views.

Access will have to be purchased from an adjacent owner, but this has not hindered other purchases on the Lake—it does not appear to be a detriment in this market. Again, market demand, scarcity of available product, and the subject's positive attributes should overcome this factor.

The site's only detriment is the somewhat odd shape at the westernmost end which may limit a few lots and also that the southern section is on a cove not the main channel. However, these will still be waterfront lots.

Based on this information and my analysis, it is my opinion that as of May 24, 2007, and contingent upon the Assumptions and Limiting Conditions within this report, the subject's market value as of the date of the appraisal is estimated to be in the range of \$66,000/acre—\$80,000/acre. This range indicates a value of \$1,020,000—\$1,240,000 for the subject land.

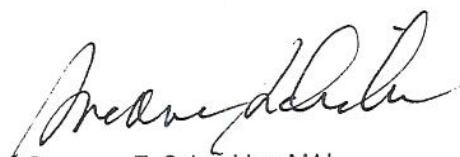
Due to the difficulty of the valuation problem, the value is estimated as a range. If a point value is required, in my opinion, it would be in the range of \$1,150,000.

CATEGORY	MARKET VALUE RANGE		
PRICE/AC	\$66,000/AC	—	\$80,000/AC
MARKET VALUE	\$1,019,040	—	\$1,235,200
ROUNDED	\$1,020,000	—	\$1,240,000

Thank you for the opportunity of serving you in this capacity.

Respectfully submitted,

HAY :. SCHNEIDER :. COPELAND



Susanne Z. Schneider, MAI

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ADDENDA



NOTE: TRACTS 1, 2, 3, 4 & 5 HAVE BEEN DEEMED "NOT-BUILDABLE" UNTIL SUCH TIME ALL OF THE CONDITIONS DEFINING A "BUILDABLE" PER STANLY COUNTY LAND USE ORDINANCES ARE MET.

THIS PROPERTY HAS NOT BEEN EVALUATED BY THE STAFF COUNTY HEALTH DEPARTMENT.

ENVIRONMENTAL HEALTH SPECIALIST \_\_\_\_\_ DATE \_\_\_\_\_

TR. LINE 240.2	
LINE	BEARING
11	46.60' N 52.20' E

LINE	LENGTH	BEARING
11	46.60'	N 52.30.31" E
12	53.42'	N 89.03.57" E
13	189.16'	N 89.03.57" E
14	35.16'	N 89.03.57" E
15	99.32'	N 88.54.10" E
16	798.77'	N 01.38.72" E
17	147.09'	S 60.05.49" E

LINE	LINE TABLE	GRADING
L1	160.78	N 84.923.47° E
L2	160.78	N 84.923.47° E
L3	172.72	S 23.035.10° E
L4	608.36	S 63.652.49° E
L5	635.32	N 27.835.33° E
L6	404.335	N 40.433.57° E
L7	416.84	N 40.433.57° E
L8	132.95	S 68.332.58° E
L9	605.00	N 15.153.57° W
L10	234.93	N 15.153.57° W
L11	134.97	N 81.232.10° E
L12	93.97	N 00.032.26° W
L13	93.97	N 00.032.26° W
L14	93.96	N 00.032.26° W
L15	66.17	N 00.032.26° W
L16	66.17	N 00.032.26° W
L17	139.81	N 26.037.32° E
L18	139.81	N 26.037.32° E
L19	156.67	N 21.030.18° E
L20	156.67	N 21.030.18° E

REVISIONS:
8-7-2005 CLIENT COMMENTS

KEVIN S. BAUCOM  
L-4275

LAKE TILLERY - RANDALL'S FERRY TRACT  
SUBDIVISION PLAT

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CAROLINA POWER & LIGHT COMPANY D/B/A  
PROGRESS ENERGY CAROLINAS, INC.  
P.O. BOX 1551  
RALEIGH, NORTH CAROLINA 27602

PROJECT NO  
SURS-04088

FILE NO: SUR04088-F2

CHAIN BY:  
YG/KSB

DATE: 9-6-2005

**McADAMS**

1



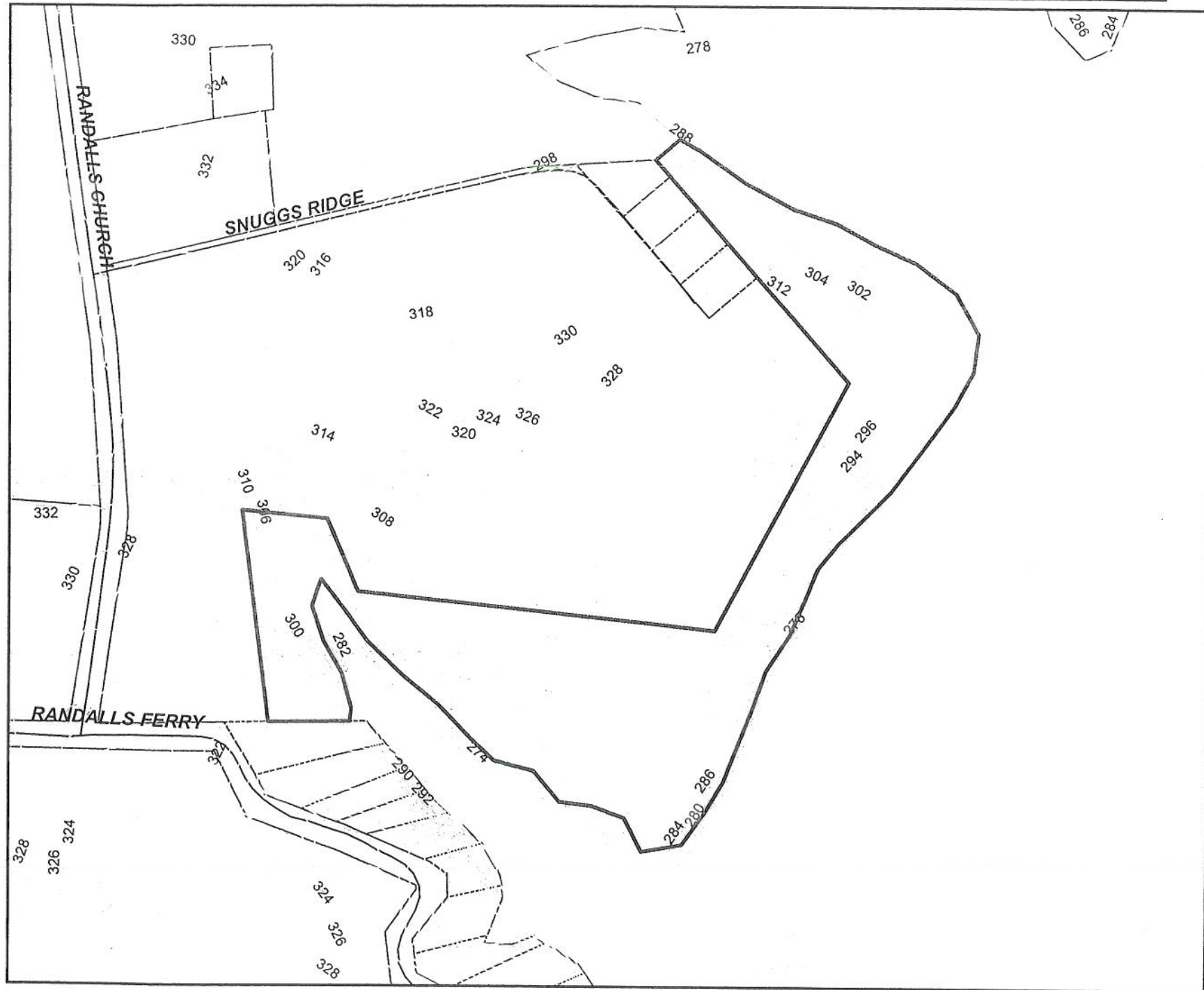
MAY 24, 2007



Legend

- 2 Foot Contours
- Roads
- Property Lines

MAP PRODUCED BY  
THE STANLY COUNTY  
MAPPING/GIS DEPARTMENT







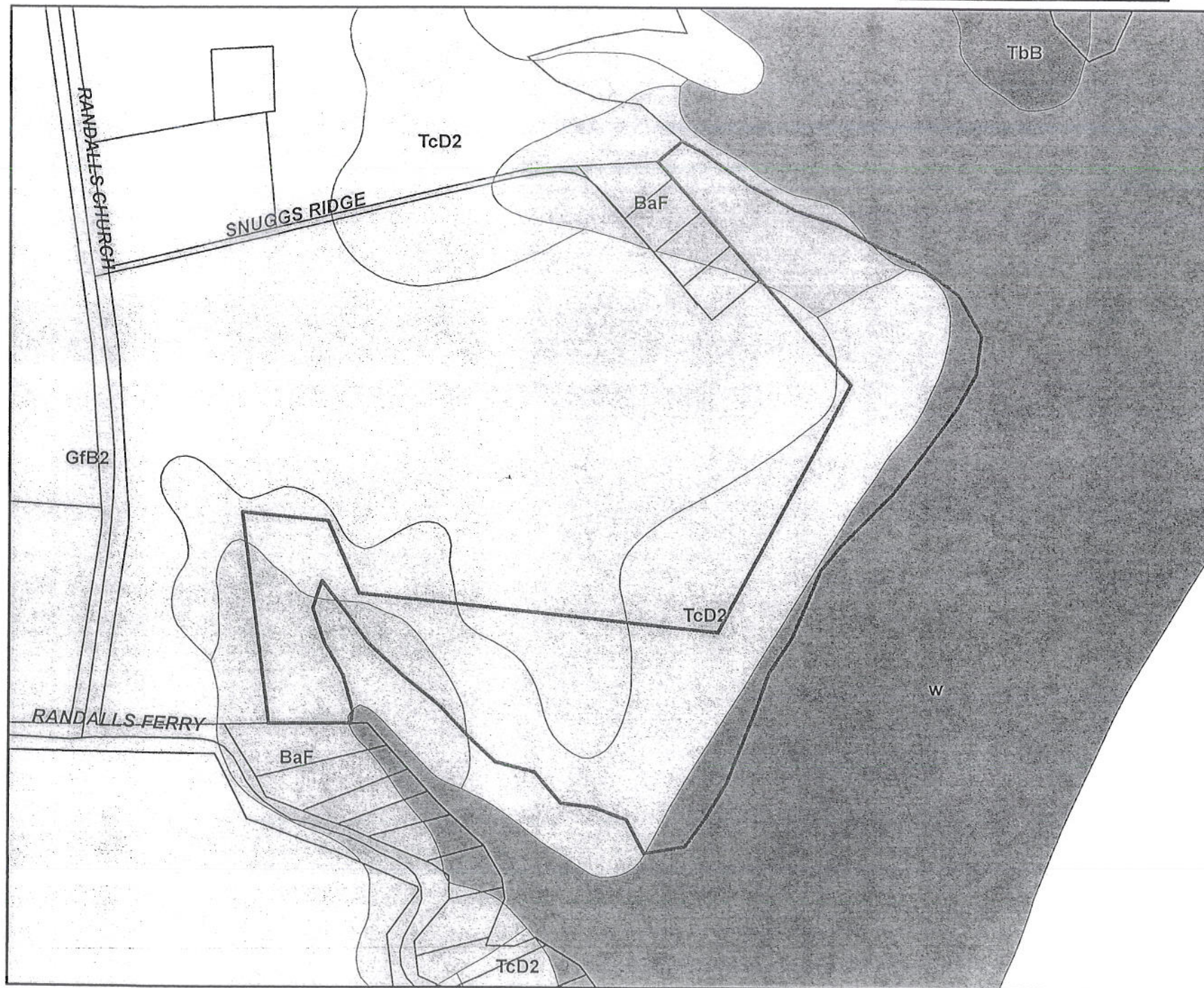
MAY 24, 2007



Legend

- ~ Roads
- ⌘ Property Lines

MAP PRODUCED BY  
THE STANLY COUNTY  
MAPPING/GIS DEPARTMENT





+OWNERSHIP 05022007 25963 301  
C P & L  
DBA PROGRESS ENERGY CAROLINAS  
PO BOX 1551  
RALEIGH NC 27602

PROPERTY DESCRIPTION		TAX SUBDIVISIONS	MAP NUMBER	CARD NO
VAC OFF SNUGGS RIDGE LN		EAST CENTER TWP	657503123798	1
		CENTER FIRE DIST	RECORD NUMBER: . 35354	
			ROUTE 6575030005	
			LISTER: BP103105	
			REVIEW: SW121505	
SNUGGS RIDGE LN		16.44 ACRES	FRET: 1-WATENBHD	9916
TOPO	STREET	UTILITY	ZONING	
LEVEL	PRIVATE	ELECTRIC		
ROLLING			NOTES:	

#	LAND CLASS	SIZE	BASERATE*FRNT*DPTH*ADJ=ADJRATE*UNITS=LND-VALUE
1	14QWTRFRNT2	16.44AC	297000

LAND VALUE:		4882680		
#	OTHER FEAT	SIZE	BASERATE*COND	=ADJRATE*UNITS=OFB-VALUE

OTHER VALUE:					0
FNDATION	XTRFNISH	ROOFTYPE	ROOFMTRL	SIZE/QTY	
				1.00STHT	
WALLFNH	FLOORS	HEAT&AIR	HEATFUEL		

EXEMPT 0

#	STRUCTURE	SKTCH-SF*STHT=	AREA	RATE*GRDF+HEAT+EXWL*WLHT=ADJRAT*	AREA=	RPCN*	DEPF*CNDF=STR-VALUE
---	-----------	----------------	------	----------------------------------	-------	-------	---------------------

STRUCTURE VALUE:		0		
VALUATION	VALUE	PREV-VAL.	P-N%	TOTAL VALUE
LAND	4882680			297000LV/AC
OTHERFEAT	0			
STRUCTURE	0			
TOTAL	4882680			

APPRAISED-VALUE: 4882680



0104018578(5) Deed file 459

STATE OF NORTH CAROLINA

STANLY COUNTY.

This indenture made this the 26th day of October, 1925, by and between Thomas H. Parker, unmarried, of the County of Stanly and State of North Carolina, party of the first part, and Carolina Power Company, a corporation created and existing under the laws of the State of North Carolina, having its principal office in the City of Raleigh, party of the second part,

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LJB

W I T N E S S E T H

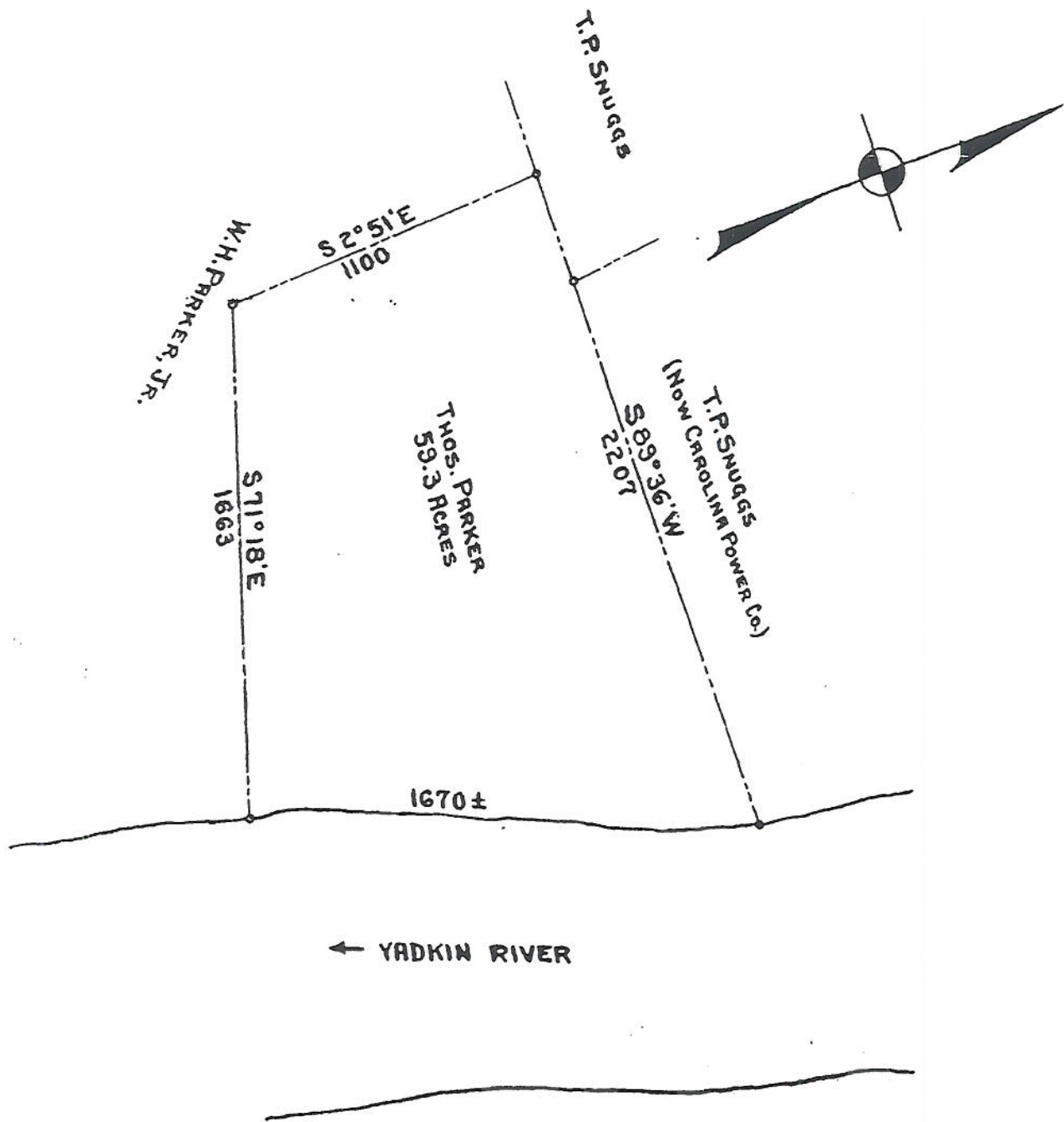
That for and in consideration of the sum of Ten (\$10.00) Dollars and other good and valuable considerations in hand paid to the party of the first part by the party of the second part, the receipt of which is hereby acknowledged, the said party of the first part has bargained, sold and conveyed and does hereby bargain, sell and convey unto the party of the second part, its successors and assigns, that certain tract or parcel of land situate in Center Township, Stanly County, North Carolina on the West side of the Yadkin or Pee Dee River adjoining the lands of T. P. Snuggs on the North, W. H. Parker, Jr., on the West and South and the Yadkin or Pee River on the East, bounded as follows, to wit:

Beginning at a stake and iron pipe in the West bank of the Yadkin or Pee Dee River in the adjoining line between lands of the party of the first part and the T. P. Snuggs land and runs thence S 89° 36' W 2207 feet to an iron pipe, thence S 2° 51' E 1100 feet to an iron pipe in W. H. Parker, Jr.'s., North line, thence with W. H. Parker, Jr.'s., North line S 71° 18' E 1663 feet, more or less, to a stake in the West bank of the Yadkin or Pee Dee River, thence in a Northerly direction up the West bank of the Yadkin or Pee Dee River 1670 feet, more or less, to the point of beginning; together with all riparian rights thereunto belonging or anywise appertaining to the center of the Yadkin or Pee Dee River. Blue print No. RA2644 dated October 22, 1925, showing a description and location of the lands above described, is hereto attached as a part hereof.

59.3  
acres

TO HAVE AND TO HOLD the same, together with all the appurtenances thereto belonging to the party of the second part, its successors and assigns, in fee simple.

And the said Thomas H. Parker, unmarried, party of the first part, for himself, his heirs, executors and administrators, does hereby covenant with the said party of the second part, its successors and assigns, that he is



SURVEYED BY W.T. HAYWOOD  
 PLOTTED BY W.H. THROWER  
 TRACED BY D.N. JUDSON

CAROLINA POWER CO.  
 MAP OF LAND PURCHASED FROM  
 THOS. PARKER  
 STANLEY Co. N.C.

SCALE 1"=500'

DATE OCT. 22-1925

KORWOOD DEVELOPMENT - 125

RA-2644



0104018139 (8)

Deed file 472

STATE OF NORTH CAROLINA,

STANLY COUNTY.

THIS INDENTURE made this 28<sup>th</sup> day of October, 1925, by and between T. P. Snuggs, and wife, Mary A. Snuggs, of the County of Stanly and State of North Carolina, parties of the first part, and Carolina Power Company, a corporation created under the laws of the said State of North Carolina and having its principal office in the City of Raleigh, party of the second part,

W I T N E S S E T H

That for and in consideration of the sum of Eleven Thousand (\$11,000.00) Dollars in hand paid to the parties of the first part by the party of the second part, receipt of which is hereby acknowledged, said parties of the first part have bargained, sold and conveyed and do hereby bargain, sell and convey unto the party of the second part, its successors and assigns, the following described parcels of land situate in Center Township, Stanly County, North Carolina, said parcels of land being described as follows, to wit:

First tract: Lying on the West side of the Yadkin or Pee Dee River adjoining the Thomas Parker lands on the South and the J. A. Tyson estate lands on the North and bounded as follows:

Beginning at an iron pipe on the bank of the Yadkin or Pee Dee River, which said pipe is a Southeast corner of the J. A. Tyson Estate lands and runs with the line of said J. A. Tyson estate lands N 87° 56' W for a distance of 2099 feet to the Snuggs corner in said line, thence S 30° 40' W for a distance of 1231 feet to a point in the line of the lands of Miss Jimmie Parker, thence S 86° 36' W for a distance of 232 feet, thence S 150° 56' E for a distance of 860 feet, thence N 85° 37' E for a distance of 289 feet, thence S 41° 21' E for a distance of 665 feet, thence S 27° 23' W for a distance of 636 feet, thence N 84° 25' W for a distance of 810 feet, thence N 23° 54' W for a distance of 178 feet, thence N 85° 0' W for a distance of 194 feet, thence S 7° 32' E for a distance of 478 feet to a point in the lines of the lands formerly of Thomas Parker but now of Carolina Power Company, thence along and with said Parker line N 89° 36' E for a distance of 1837 feet to a point on the bank of the Yadkin or Pee Dee River, thence along and with the bank of said Yadkin or Pee Dee River for a distance of 3340 feet, more or less, to the beginning corner.

Second tract: Adjoining the lands of W. D. Blalock, Alonzo Swearingen and others lying on Davids Creek and being a part of the Western part of the T. P. Snuggs tract of land and bounded as follows, to wit:

Beginning at an iron pipe in the line between the lands of W. D. Blalock and W. H. Parker, Jr., and running N 50° 0' W for a distance of 1200 feet, thence N 89° 20' W for a distance of 1780 feet, thence S 100° 36' W for a distance of 653 feet to a point on Davids Creek, thence along and with the various courses of Davids Creek for a distance of 720 feet, more or less, to a point in the lines of the lands of Alonzo Swearingen, thence with said Swearingen line S 89° 5' E for a distance of 591 feet to a point in Long Branch, thence N 27° 26' E for a distance of 114 feet, thence S 80° 19' E for a distance of 888 feet, thence N 29° 43' W

CREV

DF 472

of the proposed water power development may make necessary or desirable; that the parties of the first part, for themselves, their heirs and assigns, hereby covenant to and with the party of the second part, its successors and assigns, to absolve, acquit and release, and do by these presents absolve, acquit and release the party of the second part, its successors and assigns, from any and all liability for injury or damage to themselves or any person or persons claiming under or through them howsoever resulting to persons, or to the adjoining property of the parties of the first part, their heirs or assigns, which may be caused by the use of the property herein conveyed for water power purposes.

Provided, that if on account of the construction or operation of the contemplated water power development other lands belonging to the parties of the first part, their heirs or assigns, shall be flooded, soured or sogged, the said parties of the first part shall be entitled to a reasonable compensation for the damage to such additional lands; and the party of the second part, its successors and assigns, shall be obligated to pay the same to the owner of such lands so damaged.

IN TESTIMONY WHEREOF, the said parties of the first part have hereunto set their hands and seals the day and year first above written.

J. P. Snuggs (SEAL)

Mary A. Snuggs (SEAL)

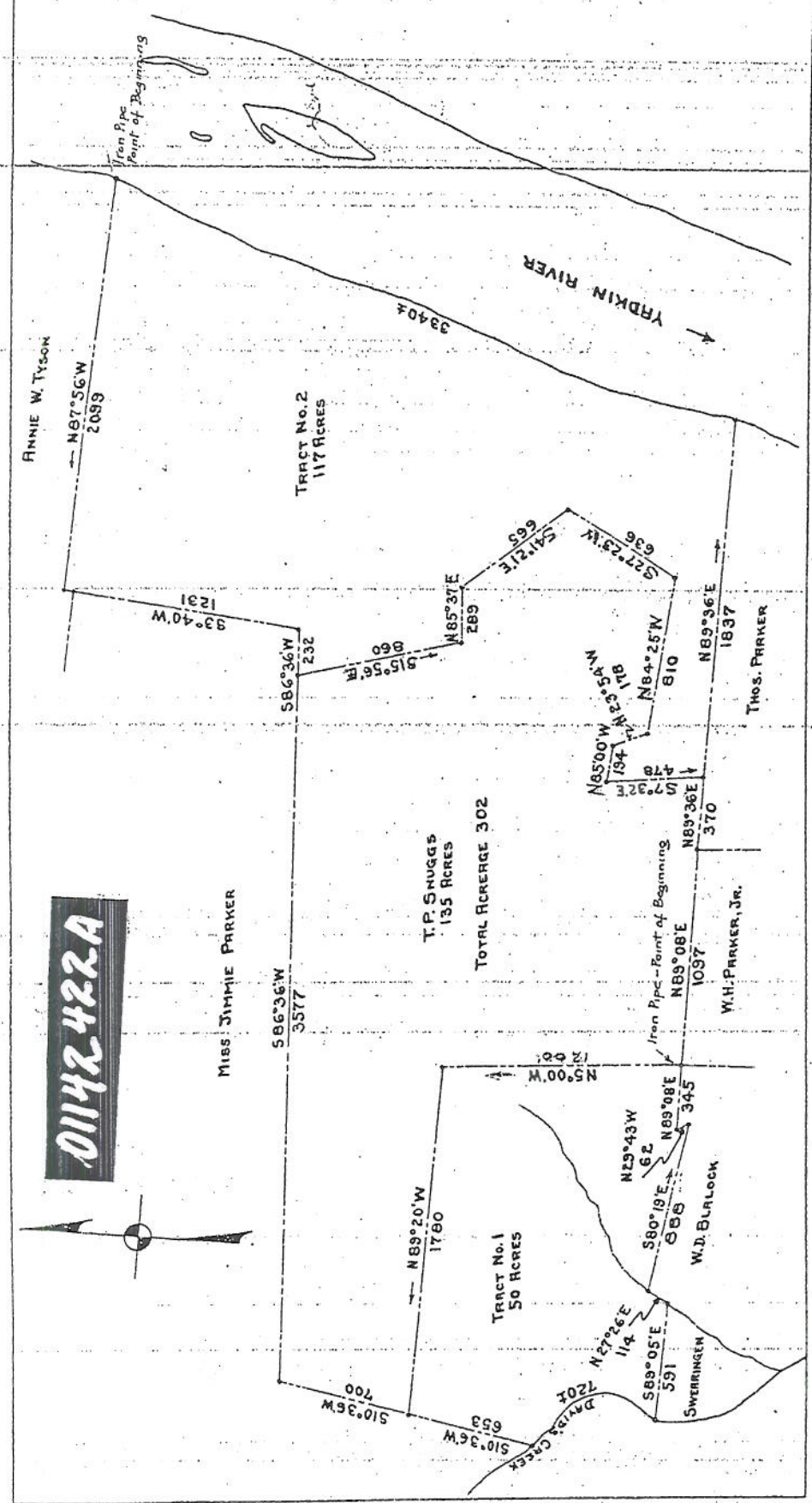




RR-2642

Carolina Power Co.  
Map of Land Purchased from  
T.P. Snuggs  
Stanley Co.  
N.C.  
Scale 1"=500'  
Date Oct. 21-1925

Surveyed By W.L. Hymwood  
Plotted By W.H. Thrower  
Traced By D.N. Judson  
Approved By H.V. Joslin



**Section 603 R-20 Single Family Residential District**

The regulations of this district are intended to insure opportunity for primarily residential development, protected from disruptive commercial or agricultural influences; and to insure that development not having access to public water supplies or public sewage disposal will occur at sufficiently low densities to provide a healthful environment.

**603.1** The following uses are **permitted**:

Accessory buildings or structures, provided such shall be permitted only in a rear yard and shall be not less than ten (10) feet from any property line, and further provided, that in the case of corner lots, such buildings or structures shall be set back at least twenty-five (25) feet from any side street right-of-way line.

Accessory Dwelling Units to Single Family Dwellings (See Section 807) (ZA 06-06)

Churches and their customary related uses, excluding cemeteries, provided that all buildings be set back at least twenty (20) feet from any property line.

Greenhouses and gardens which are incidental to the residential use and conducted on a non-commercial basis only, provided that no greenhouse heating plant shall be located within sixty (60) feet from any front property line or within thirty (30) feet of any property line.

Group Homes

Home Occupation, Customary (Refer to Article IV, Section 411)

Public Safety Facilities such as fire and police stations, rescue headquarters, ambulance service, and civil defense centers, provided that all vehicles are stored indoors.

Schools including public elementary and secondary schools, and private schools having curricula approximately the same as ordinarily given in such public schools.

Single-Family Dwellings, either site built or modular

Two-family dwellings, either site built or modular provided that they shall be located on a corner lot, with the following restrictions: (ZA 00-01)

- 1) One side of the corner lot shall be located on a NCDOT state maintained road;
- 2) Each front entrance shall face a separate public street;
- 3) Each front entrance shall be considered a front yard for setback purposes;

Domestic Animals as permitted in Section 601.1 (R-A) Residential-Agriculture with a 5 acre minimum lot size. (ZA 05-11)

**603.2** The following **Special Uses** may be allowed subject to approval by the Board of Adjustment according to the provisions of Article X, Section 1003.2 listed below, and any other conditions necessary to assure the intent of this district.

Cemeteries, accessory to existing churches with the district only, provided that a buffer strip be provided on all property lines abutting residentially zoned land, and further provided that no grave site shall be located closer than forty-feet (40) to any property line or fifty-feet (50) to any public right-of-way. (ZA 98-12)



## ARTICLE VII

### Section 701

### Area, Yard and Height Requirements

(Each permitted use shall conform to the dimensional requirements of the district in which it is located.)

District	MINIMUM LOTS SIZE		MINIMUM YARD REQUIREMENTS			MAXIMUM HEIGHT
	Square Ft. per Dwelling Unit	Average Lot Width In Feet	Front Yard Setback	Side Yard in Feet	Rear Lot in Feet	
R-A	Residential- Agriculture 30,000 or Single-Family(Watershed) 40,000	100	50	15(c)	40	35
	two-family 30,000	110	50	15(c)	40	35
R-R	Rural Recreation					
	Single-Family 40,000	100	50	15(c)	40	35
	two-family 30,000	110	50	15(c)	40	35
	Multi-Family 5,000	85	35	12(c)	40	50
	Other Principal Structures		30(d)	10(e)	20(e)	35
R-40	Residential 40,000(a) or Single Family 30,000(b)	100	50	15(c)	40	35
	two-family 30,000	100	50	15(c)	40	35
R-20	Residential 20,000(a) or Single-Family 15,000(b)	100(a)	50	15(c)	40	35
	two-family 15,000	90(b)	50	15(c)	40	35
		110	50	15(c)	40	35
R-10	Residential 15,000(a) or Single-Family 10,000(b)	75	40	12(c)	30	35
	two-family 7,500	85	40	12(c)	30	35
R-8	Residential					
	Single-Family * 8,000	70	35	10(c)	25	35
	two-family * 4,000	80	35	10(c)	25	35
	Multi-Family * 3,000	85	35	10(c)	30	50
R-MHP	Residential-Manufactured Home Park		50	40(c)	40	35

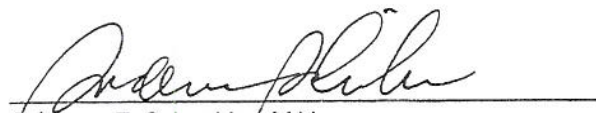
\*Parcels not serviced by both public water and sewer must maintain all minimum standards of the R-10 Residential District

## APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have ~~not~~ made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Susanne Z. Schneider has completed the continuing education program of the Appraisal Institute.
- This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of a credit transaction.

This 24<sup>th</sup> Day of May, 2007



Susanne Z. Schneider, MAI  
State Certified General Real Estate Appraiser  
NC Certificate No. A403



## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions.

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances, such as asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS—CONTINUED

This appraisal report has been made with the following general limiting conditions.

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
6. The Americans with Disabilities Act, ADA, became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
7. The basic limitation of an appraisal of real estate is that it is an opinion of value and is not the product of an exact science. There is, therefore, no guarantee that a property will sell at exactly the appraised value. The value reported herein is my opinion of the probable price obtainable in a market free of abnormal influences.



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## QUALIFICATIONS OF THE APPRAISER

**QUALIFICATIONS**  
**SUSANNE Z. SCHNEIDER, MAI**

**EXPERIENCE**

1987- Commercial Fee Appraiser, HAY .: SCHNEIDER .: COPELAND  
1978-1987 Director, Real Estate Department, City of Durham, North Carolina  
1977-1978 Associate Appraiser, Cross Associates, Cape Coral, Florida

**PROFESSIONAL MEMBERSHIP**

Appraisal Institute, MAI Certificate #9918

**LICENSE**

North Carolina State-Certified General Real Estate Appraiser, License #A403  
North Carolina Real Estate Broker, License #52022

**EDUCATION**

M. S. Marine Sciences, 1975; Louisiana State University, Baton Rouge, Louisiana  
B. S. Physical Oceanography, 1971; Florida Institute of Technology, Melbourne, Florida

**Appraisal Institute: Courses**

National USPAP Update, 2005  
Standards of Professional Practice, Part C, 2002, 2005  
Standards of Professional Practice, Parts A & B, 1997, 1992, 1987  
Comprehensive Appraisal Workshop, Parts A & B, 1993  
Report Writing and Valuation Analysis, 1992  
Case Studies in Real Estate Valuation, 1990  
Basic Valuation Procedures, 1988  
Real Estate Appraisal Principles, 1987  
Capitalization Theory and Techniques, Parts A & B, 1986  
Appraisal Administration and Review, 1979  
Principles, Methods, and Techniques, 1977  
Single-Family Residential Appraising, 1977

**Appraisal Institute: Seminars**

Highest and Best Use Applications, October 2006  
Appraisal Consulting, April, 2006  
Real Estate Finance, Value, & Investment Performance, October, 2005  
Uniform Appraisal Standards for Federal Land Acquisitions, October, 2005  
Conservation Easements & Case Studies, March 2005  
Land Valuation Adjustment Procedures, April 2004  
Supporting Capitalization Rates, January 2004  
Effective Appraisal Writing, October 2003  
Scope of Work: Expanding Your Services, April 2003  
Environmental Issues for Real Estate Appraisers, October 2002  
Analyzing Commercial Lease Clauses, April 2002  
Feasibility Analysis, Market Value & Investment Timing, January 2002  
Real Estate Fraud: The Appraisers' Responsibilities & Liabilities, October 2001  
State of the Valuation Profession, August 2001  
Regression Analysis, April, 2001  
GIS & The Appraisal Industry, January, 2001  
Conservation Easements, April, 2000  
The Appraisal of Local Retail Properties, April, 1999  
Guidance & Experience Review Training Workshop, April 1999  
Internet Search Strategies for Real Estate Appraising, January 1999  
Valuation of Detrimental Conditions in Real Estate, October 1998  
Matched Pairs/Highest & Best Use/Revisiting Report Options, May 1998  
Eminent Domain and Condemnation Appraising, January 1998  
The Internet and Appraising, January 1997  
Special Purpose Properties, November 1996  
The Future of Appraising, April 1996  
Dynamics of Office Building Valuation, October 1995